Bel

French corporation *(société anonyme)* with a share capital of €10,308,502.50
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FIRST-HALF 2020 FINANCIAL REPORT

Should there be any difference between the French and the English version of this Bel Group First-half 2019 Financial Report, only the text in French language shall be deemed authentic and considered as expressing the exact information published by Bel.

The Bel Group

The Bel Group is a world leader in branded cheese and a major global player in the healthy snacks segment. Its portfolio of differentiated and internationally recognized brands, including such products as The Laughing Cow®, Kiri®, Mini Babybel®, Leerdammer®, and Boursin®, as well as some 20 local brands, enabled the Group to generate sales of €3.3 billion in 2018. The acquisition of the MOM Group in 2016 complements a portfolio of strong brands with the integration of the Pom'Potes and GogosqueeZ brands. 12,600 employees in some 32 subsidiaries around the world contribute to the Group's success. Bel products are prepared at more than 32 production sites and distributed in over 130 countries.
www.groupe-bel.com

FIRST-HALF 2020 BUSINESS REPORT

1. REVIEW OF OPERATIONS AND EARNINGS

(in millions of euros)	First-half 2020	First-half 2019	% Change
Sales	**1 737**	1 658	4,8%
Operating income	**175**	126	38,6%
Consolidated net profit - Group share	**105**	80	31,2%

In the first half of 2020, Bel generated consolidated sales of €1,737 million, up 4.8% on a published basis, versus €1,658 million in the prior-year period. The foreign exchange effect positively impacted consolidated sales by €8 million, or 0.5%. Excluding the foreign exchange impact, Bel's consolidated sales advanced 4.3% organically y-o-y in H1 2020.

The acquisition of an 80% interest in All In Food, completed on June 18, 2020, had no impact on sales or earnings in the consolidated financial statements at June 30, 2020.

Following a strong organic 11% increase in Q1, marked by exceptional sales tied to the global health crisis, Q2 sales were automatically impacted by a significant destocking effect. However, excluding those extraordinary impacts, underlying activity growth remained buoyant at around 5% for both quarters and the half-year period as well.

The 4.3% organic sales growth reported in H1 reflects the intrinsic momentum fuelled by the 4.8% organic growth of the company's brands. In particular, *Gogo squeeZ* in the US, *The Laughing Cow*, supported by a well-received promotional campaign, and *Kiri*, ever popular with consumers in its category, contributed significantly to the performance.

Net sales

(in millions of euros)	Second quarter 2020 3 months	Second quarter 2019 3 months	Second quarter % Change	First half 2020 6 months	First half 2019 6 months	First half % Change
Global markets	**687,6**	713,6	-3,7%	**1 434,2**	1 403,3	2,2%
New territories	**140,6**	134,4	4,6%	**302,7**	254,8	18,8%
Group total	**828,1**	**848,0**	**-2,3%**	**1 736,9**	**1 658,1**	**4,8%**

In Europe, most countries and France in particular reported buoyant growth, led by sales of traditional brands such as The Laughing Cow. Consumers trended increasingly toward products and retail food chains that maintained their purchasing power. Bel responded by focusing its production on popular consumer products to meet retailer demand for tighter shelf space.

Processed cheese markets contracted in North Africa and the Middle East, where the health crisis had a particularly negative impact on the food service business. However, Bel gained market share during the period, with sales advancing 3.7% in the region, excluding markets in the Levant, where the environment was particularly tough.

In North America, sales were buoyed by well performing local brands and strong sales of *The Laughing Cow*.

Sales of all MOM products and brands in the New Territories market segment were particularly strong in the United States and France. Further, sales grew in China, the first country to reopen in the wake of the pandemic.

In the first half of 2020, consolidated operating income totaled €175.0 million, up 38.6% over the first half of 2019.

Operating income

(in millions of euros)	2020 6 months	2019 6 months	% Change
Global markets	**122,0**	100,6	21,2%
New territories	**52,8**	25,6	105,8%
Group total	**175,0**	**126,3**	**38,6%**

Bel's gross margin improved more than 100bp, and operating margin advanced a strong 246bp.

Against a backdrop of relative stability in raw material prices and foreign exchange fluctuations versus 2019, Bel reaped the fruit of its transformation process, which went according to plan, particularly in terms of the savings measures announced in December 2018.

Extraordinary costs tied to managing the health crisis were offset by a remarkable performance by operations teams and a decline in promotional campaigns in some markets.

After taking into account net financial result and income tax expense, consolidated net profit, Group share, totaled €105.4 million, compared with €80.3 million at June 30, 2019.

2. FINANCIAL SITUATION

Bel's balance sheet remained strong at June 30, 2020, with net financial debt amounting to €709.6 million (including €110.9 million in right-of-use liabilities under IFRS 16) including the acquisition of All In Foods shares, versus €684.2 million (including €102 million in right-of-use liabilities) at December 31, 2019, and equity totaling €1,882.9 million, compared with €1,810.1 million at December 31, 2019.

3. OUTLOOK FOR 2020

In view of the health and economic crises, Bel continues to keep close watch over the environment to adapt to the evolving pandemic, particularly in territories where the epidemic peak has not yet been reached. As a major food sector player, Bel is doing everything possible to ensure the continuity of its operations.

To date, the company's production sites continue to operate, with mobilized and committed teams. Bel maintains its strict health and safety rules and procedures to ensure the health and safety of all its employees.

Despite the extraordinary costs generated by the pandemic, and tied particularly to measures required to adapt its production sites and supply chains, Bel has declined to accept financial assistance offered by various governments.

In addition, the company decided to maintain contractual prices for purchases of raw material supplies and has put measures in place to support supply partners weakened by the crisis. Along with its production teams, partner farmers and suppliers, Bel is doing everything to continue its operations and to participate in the collective effort to uphold the food supply chain.

Because the health crisis did not impact all world regions at the same time, some territories are still experiencing a peak pandemic phase. Given the strong volatility in global demand expected to prevail in the months ahead, the lack of visibility on the recovery of the Food Service business, and increased consumer price sensitivity, Bel is unable to provide a precise outlook on its business growth at this time.

With a long-term commitment to champion healthier food embodied by its new "For All. For Good" motto, Bel is fully in sync with a sustainable and profitable growth model.

4. MAIN RELATED-PARTY RELATIONSHIPS

Main related-party relationships are disclosed in note 8 of the summary consolidated financial statements for the half-year.

5. SIGNIFICANT SUBSEQUENT EVENTS

No significant subsequent event is to be reported.

SUMMARY INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

(in millions of euros)	Notes	June 2020	June 2019	2019
Sales	4.1	**1 736,9**	**1 658,1**	**3 403,2**
Cost of goods and services sold		(1 219,5)	(1 181,2)	(2 433,7)
Gross margin		**517,4**	**476,9**	**969,5**
Sales and marketing expense		(187,3)	(201,7)	(438,0)
Research and development expense		(13,6)	(11,3)	(26,7)
Administrative and general overhead expense		(139,4)	(131,8)	(266,6)
Other operating income and expense		(0,0)	(530,4)	(1 240,2)
Recurring operating income		**177,0**	**131,5**	**236,9**
Other non-recurring income and expense	4.2	(2,0)	(5,3)	(26,1)
Operating income	4.1	**175,0**	**126,3**	**210,8**
Income from cash and cash equivalents	4.3	0,2	0,7	1,6
Cost of gross financial indebtedness	4.3	(16,4)	(13,8)	(28,5)
Cost of net financial indebtedness	4.3	**(16,1)**	**(13,1)**	**(26,9)**
Other financial income and expense	4.3	5,4	0,8	(1,3)
Pre-tax profit		**164,3**	**114,0**	**182,6**
Income tax expense	4.4	(52,8)	(31,9)	(58,4)
Net profit of the consolidated group		**111,5**	**82,1**	**124,2**
Non-controlling interests		***(6,1)***	***(1,8)***	***(2,8)***
Consolidated net profit - Group share		**105,4**	**80,3**	**121,4**

Earnings per share	4.5	15,52	11,83	17,88
Diluted earnings per share	4.5	15,49	11,83	17,88

* Since 2020, when they do not result from a reorganization decided by par le COMEX, the costs of non-replaced employees' departure and the disposal / writte-off costs of tangible and intangible assets are reported within the reccuring operating income. For HY1 2019, a €(0,9) million was reclassified from other non-recurring income and expense to other operating income and expense. For FY 2019, this reclassification amounts to €(1.9) million.

The notes to the financial statements form an integral part of the consolidated financial statements

Statement of Comprehensive Income

(in millions of euros)		June 2020	June 2019
Net profit for the period	Notes	**111,5**	**82,1**
Other items of comprehensive income			
Non-reclassifiable items	**5.1**		
Actuarial gains and losses arising on retirement obligations			
Income tax impact		0,1	(0,7)
Gains and losses on financial assets		3,9	(23,6)
Income tax impact		(1,0)	5,9
Reclassifiable items			
Investissements financiers			
Pertes et gains latents			
Effet d'impôt			
Effet de la limitation d'impôt			
Translation differences		(23,7)	0,3
Cash flow hedging			
Amounts recognized in equity		8,4	2,7
Income tax impact		(2,6)	(0,8)
Total recognized to equity		**(14,9)**	**(16,2)**
Total comprehensive income for the period		**96,6**	**66,0**
Group share		*90,9*	*63,7*
Non- controlling interests		*5,7*	*2,2*

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Consolidated Balance Sheet

ASSETS *(in millions of euros)*	Notes	June 30, 2020	December 31, 2019
NON-CURRENT ASSETS			
Goodwill	5.2	785,9	786,3
Other intangible assets	5.2	646,5	649,4
Property, plant and equipment	5.2	975,3	992,2
Property, plant and equipment - right of use	5.2	105,7	99,8
Financial investments		127,0	123,6
Other financial assets		92,2	10,0
Loans and advances		12,1	11,8
Trade and other receivables		1,4	1,5
Deferred tax assets		16,1	20,9
TOTAL		**2 762,2**	**2 695,3**
CURRENT ASSETS			
Inventories and work-in-progress		401,8	372,6
Trade and other receivables		462,5	506,3
Other financial assets		17,6	5,8
Loans and advances		0,9	1,3
Current tax assets		28,4	34,4
Cash and cash equivalents	5.5	322,2	405,7
TOTAL		**1 233,4**	**1 326,1**
TOTAL ASSETS		**3 995,6**	**4 021,4**

EQUITY AND LIABILITIES *(in millions of euros)*	Notes	June 30, 2020	December 31, 2019
Share capital		10	10
Additional paid-in capital		22,0	22,0
Reserves		1 774,5	1 707,4
Treasury shares		(23,3)	(23,3)
EQUITY GROUP SHARE		**1 783,5**	**1 716,4**
NON-CONTROLLING INTERESTS		**99,5**	**93,7**
EQUITY		**1 882,9**	**1 810,1**
NON-CURRENT LIABILITIES			
Provisions	5.4	6,3	6,5
Employee benefits	5.4	76,5	78,7
Deferred tax liabilities		266,9	257,3
Liabilities related to assets held under finance lease -ove	5.5	90,7	83,1
Long-term borrowings and financial liabilities	5.5	738,5	816,4
Other liabilities		59,0	61,0
TOTAL		**1 237,9**	**1 303,1**
CURRENT LIABILITIES			
Provisions	5.4	4,1	5,1
Employee benefits	5.4	7,2	6,3
Liabilities related to assets held under finance lease - les	5.5	20,2	19,2
Short-term borrowings and financial liabilities	5.5	178,4	172,0
Other financial liabilities		3,5	4,3
Trade and other payables		612,3	668,0
Income tax liabilities		43,7	31,1
Current bank facilities and other borrowings	5.5	5,5	2,3
TOTAL		**874,8**	**908,2**
TOTAL EQUITY AND LIABILITIES		**3 995,6**	**4 021,4**

The notes to the financial statements form an integral part of the consolidated financial statements

Consolidated statement of changes in equity

(in millions of euros)	Number of shares outstanding	Share capital	Additional paid-in capital	Translation differences	Treasury shares	Consolidated net income	Consolidated reserves	Equity-Group share	Non-controlling interests	Total consolidated equity
Balance at December 31, 2018	**6 787 373**	**10,3**	**22,0**	**(132,7)**	**(23,4)**	**96,5**	**1 675,0**	**1 647,7**	**91,9**	**1 739,6**
Appropriation of prior year net income						(96,5)	96,5			
Dividends paid							(33,6)	(33,6)	(2,5)	(36,1)
Profit (loss) for the period						121,4		121,4	2,8	124,2
Variation de périmètre										
Other items of comprehensive income				10,9			(30,5)	(19,6)	1,5	(18,2)
Other changes in value directly recognized in equity							0,4	0,4	0,0	0,4
Purchase of treasury shares	(1 123)				(0,3)			(0,3)		(0,3)
Treasury shares distributed	2 085				0,4			0,4		0,4
Balance at December 31, 2019	**6 788 335**	**10,3**	**22,0**	**(121,8)**	**(23,3)**	**121,4**	**1 707,8**	**1 716,4**	**93,7**	**1 810,1**
Appropriation of prior year net income						(121,4)	121,4			
Dividends paid							(23,8)	(23,8)	(0,0)	(23,8)
Profit (loss) for the period						105,4		105,4	6,1	111,5
Other items of comprehensive income				(23,3)			8,8	(14,5)	(0,4)	(14,9)
Other changes in value directly recognized in equity							(0,0)	(0,0)		(0,0)
Purchase of treasury shares										
Treasury shares distributed										
Balance at June 30, 2020	**6 788 335**	**10,3**	**22,0**	**(145,1)**	**(23,3)**	**105,4**	**1 814,2**	**1 783,5**	**99,5**	**1 882,9**

The notes to the financial statements form an integral part of the consolidated financial statements

Cash flow statement

Cash flow from(used in) operating activities *(in millions of euros)*	Notes	June 2020	June 2019	2019
Pre-tax profit		***164,3***	***114,0***	***182,6***
Adjustments for:				
Depreciation and write-downs		57,8	51,8	108,4
Depreciation on right of use		12,2	7,2	13,8
Capital gains (losses) on disposals		0,4	0,9	0,9
Reclassification of financial income		4,0	10,1	25,3
Reclassification of financial expense right-of-use		3,6	1,9	4,6
Other non-cash items in the income statement		(1,6)	(1,7)	0,4
Cash flow before changes in WCR		**240,8**	**184,2**	**336,0**
(Increase) decrease in inventories, current receivables and payables		(45,1)	(13,8)	14,5
(Increase) decrease in non-current receivables and payables		(3,1)	(0,3)	4,3
Income taxes paid		(23,3)	(22,9)	(45,2)
Net cash flow from (used in) operating activities		***169,2***	***147,2***	***309,6***
Cash flow from (used in) investing activities				
Acquisition of activities		(55,9)	(3,7)	(5,2)
Disposal of activities				
Acquisitions of tangible and intangible assets	5.2	(57,2)	(73,3)	(153,0)
Disposals of tangible and intangible assets	5.2	0,2	0,3	0,9
Investment grants received		2,9	0,1	3,7
Acquisitions of financial assets		(1,2)	(1,9)	(7,6)
Disposals of financial assets		0,3	1,6	8,6
Dividends received		1,8	1,9	2,3
Net cash flow from (used in) investing activities		***(109,2)***	***(75,0)***	***(150,5)***
Cash flow from (used in) financing activities				
Dividends paid		(23,8)	(33,9)	(36,1)
Interests paid		(12,5)	(11,1)	(22,3)
Financial interests - right of use		(3,6)	(1,9)	(4,6)
Change in debt resulting from finance lease contracts		(9,4)	(6,6)	(12,8)
Increase (decrease) in current accounts with entities outside the scope of consolidation		(4,8)	(3,6)	(12,9)
(Purchase)/ sale of treasury shares			(0,2)	(0,3)
Borrowings and financial liabilities issued		67,6	99,4	242,6
Repayments of borrowings and financial liabilities		(159,2)	(35,4)	(230,8)
Net cash flow from (used in) financing activities		***(145,7)***	***6,7***	***(77,2)***
Net increase (decrease) in cash and cash equivalents		***(85,7)***	***78,9***	***81,9***
Net cash and cash equivalents at the beginning of the period		403,4	327,8	327,8
Effect of foreign exchange rate fluctuations		(0,9)	(3,6)	(6,3)
Net cash and cash equivalent at closing	**5.5**	**316,8**	**403,1**	**403,4**
At the closing date, net cash and cash equivalents comprised the following:				
Marketable securities and money market instruments	5.5	90,9	91,1	90,9
Cash on hand and balances with banks	5.5	231,3	322,4	314,7
Current used bank facilities including overdrafts and accrued interest	5.5	(5,5)	(10,4)	(2,3)
TOTAL		**316,8**	**403,1**	**403,4**

The notes to the financial statements form an integral part of the consolidated financial statements

Table of contents for the notes to the summary interim consolidated financial statements

1. ACCOUNTING PRINCIPLES, RULES AND METHODS

Basis of preparation and accounting standards

In application of Regulation (EC) No. 297/2008 of March 11, 2008 amending Regulation (EC) No. 1606/2002 of July 19, 2002, Bel's consolidated financial statements were prepared in compliance with International Financial Reporting Standards (IFRS), as adopted by the European Union and published by the International Accounting Standards Board (IASB), at the date the financial statements were prepared.

The Group published summary interim consolidated financial statements approved by the Board of Directors on July 29, 2020.

The consolidated financial statements at June 30, 2020 were prepared in accordance with IAS 34 "Interim Financial Reporting" principles. Further, the same accounting methods and practices used to prepare the consolidated financial statements at December 31, 2019 (and noted in the registration document filed with the AMF under number D. 20.0244) were applied, with the exception of standards, amendments and interpretations issued and effective as of January 1, 2020.

Standards, amendments and interpretations required as of the financial year opening January 1, 2020

IAS 39, IFRS 7 and IFRS 9 in accordance to the reform on reference interest rates

The financial effects of the application, starting the January 1, 2020, of amendments to IAS39, IFRS7 and IFRS9 regarding the reform on reference interest rates have been identified and evaluated. They do not have any significant impact on the Group's financial statements.

The other amendments or interpretations published and applicable starting the 1st of January 2020 do not have any effect on the Group's financial statements.

Standards, amendments and interpretations not required but which may be early adopted as of the financial year opening January 1, 2020

The Group does not apply by anticipation any standard or interpretation that is not mandatory from January 1st, 2020.

Disclosures specific to the preparation of the interim financial statements

Seasonal nature of the business

The Group observes that seasonal variations in its business activities can impact its sales and product mix from one interim period to another. Accordingly, its interim performance may not necessarily be indicative of the full-year performance.

Employee benefits

Actuarial calculations for retirement and other employee benefits were made during budget preparation. As a result, the amounts of related provisions and expense for the interim period were based on estimates made in the preceding year, with the main actuarial and demographic assumptions remaining unchanged from December 2019.

Income tax

At June 30, income tax expense was assessed according to the best estimate of the annual average rate expected for the full year.

2. CHANGES IN THE SCOPE OF CONSOLIDATION

During the first half of 2020, Bel South Africa was fully consolidated for the first time.
In June 2020, the Group purchased 80% of All In Foods' shareholder's equity, located in France. As of June 30, 2020, the shares are recorded as a non-consolidated entity.

3. SIGNIFICANT EVENTS OF THE PERIOD AND COVID-19

COVID-19 Pandemic

For the past months, the international community has been facing an unprecedented pandemic of which the uncertain evolution and duration does not enable the Group to evaluate precisely the financial impact of this crisis. On June 30, 2020, the effects of the pandemic are limited and did not generate evidence of impairment (Cf. Note 5.2).

The absolute priority of the Group is to assure the safety and health of its staff. The Group continues to follow closely the situation to adapt its measures according to the evolution of the pandemic, especially in geographies where the pandemic as not yet reached its peak. As a significant player of the food industry, the Group bears its responsibility by doing everything in its power to ensure the continuity of its business.

4. INCOME STATEMENT

4.1. Business segment information

First-half sales and operating income by markets are presented in the following table.

(in millions of euros)	First-half 2020		First-half 2019		% Change	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Marchés matures	1 434,2	122,0	1 403,3	100,6	2,2%	21,2%
Nouveaux territoires	302,7	52,8	254,8	25,6	18,8%	105,8%
Total Groupe	**1 736,9**	**175,0**	**1 658,1**	**126,3**	**4,8%**	**38,6%**

(en millions d'euros)	June 2020		June 2019	December 2019
	Sales by destination	Intagible and tangible assests by origine	Sales by destination	Intagible and tangible assests by origine
Europe	915,9	1 627,8	890,5	1 639,5
Moyen Orient - Grande Afrique	367,0	206,2	370,2	210,1
Amériques - Asie	454,0	679,4	397,4	678,0
Total Groupe	**1 736,9**	**2 513,4**	**1 658,1**	**2 527,6**

4.2. Other non-recurring income and expense

Non – recurring income and expense are detailed below:

(In millions of euros)	First half 2020	First half 2019	2019
Depreciation and gains (losses) on disposals of fixed assets	**(1,0)**	(1,4)	(22,7)
Restructuring costs	**(1,2)**	(3,0)	(6,6)
Other non-recurring income and expense	**0,2**	(0,8)	3,2
Total other non-recurring income and expense	**(2,0)**	**(5,3)**	**(26,1)**

Depreciation and gains and losses arising from disposal of assets mainly comprise the amortization of brands acquired, and which have limited useful life. In 2019, impairment tests have led to a goodwill impairment of 12.5m€ recorded on the Moroccan company Safilait, on the line "Depreciation and gains (losses) on disposals of fixed assets".

Restructuring costs mainly stemmed from the departure of personnel who were not replaced.

4.3. Financial income and expense

(in millions of euros)	**First half 2020**	**First half 2019**	**2019**
Income from cash and cash equivalents	0,2	0,7	1,6
Cost of gross financial debt	(16,4)	(13,8)	(28,5)
Cost of net financial debt	**(16,1)**	(13,1)	**(26,9)**
		-	-
Net cost of discounting	(0,3)	(0,6)	(1,2)
Foreign currency gains (losses)	4,2	(0,3)	(2,1)
Other	1,5	1,7	2,1
Other financial income and expense	**5,4**	0,8	**(1,3)**
Total net financial expense	**(10,8)**	**(12,3)**	**(28,2)**

At June 30, 2020, the "cost of net financial debt" includes the impact of the application of IFRS 16 for € (3.6) millions. At June 30, 2019 the impact of IFRS16 was € (2.0) millions.

4.4. Taxes

(in millions of euros)	**First-half 2020**	**First-half 2019**	**2019**
Pre-tax profit	164,3	114,0	182,6
Total income tax expense recognized on the income statement	(52,8)	(31,9)	(58,4)
Net profit	111,5	82,1	124,2
EFFECTIVE INCOME TAX RATE	**32,1%**	**28,0%**	**32,0%**

At June 30, 2020, the Group estimated its average effective income tax rate for the full year at 32.1%, versus 28.0% at June 30, 2019. The increase in the effective income tax rate stems from the effects of permanent differences.

The difference with the 32.02% standard rate of the Bel parent company stemmed primarily from the share of earnings generated by subsidiaries located in countries applying tax rates lower than in France and is offset by permanent differences.

4.5. Earnings per share

Earnings per share were calculated by dividing net consolidated profit, Group share, by the number of ordinary shares (6,872,335 at June 30, 2020), less the weighted average number of own shares (84,000 at June 30, 2020).

To determine the diluted earnings per share, shares held as treasury stock, which intended to be distributed as bonus shares, have been restated from the total (28,153 at June 30, 2020). The provisions of the period recorded for bonus-share plans have also been deducted from the Group's net result (€0.2 million at June 30, 2020).

5. BALANCE SHEET

5.1. Note to Other Comprehensive Income

Non-reclassifiable items

Since the Group applied the standard IFRS 9 starting January 1st, 2018, non reclassifiable items in Other Comprehensive Income include fair value of participating interests that are not held for trading purposes. These amounts are added up with actuarial gains and losses arising from the application of the standard IAS 19.

The Unibel shares held by the subsidiary SOFICO are measured at fair value at closing date for an amount of €117.8 million on June 30th, 2020.

5.2. Fixed assets

(in millions of euros)	Goodwill	Other intangible assets	Property, plant and equipment	Property, plant and equipment - Rights of use	Total
At December 31, 2019					
Gross value	851,0	852,1	2 221,9	134,3	4 059,2
Accumulated depreciation and write -downs	(64,7)	(202,7)	(1 229,7)	(34,6)	(1 531,6)
Net carrying amount	**786,3**	**649,4**	**992,2**	**99,8**	**2 527,6**
	-	-	-	-	-
Variation for the period	-	-	-	-	-
Acquisitions	-	4,7	47,7	19,7	72,2
Impact of changes in consolidation scope	-	-	1,6	-	1,6
Disposals and write -downs	-	(0,0)	0,5	(1,5)	(1,0)
Translation differences	(0,4)	(0,1)	(11,6)	(0,8)	(12,8)
Depreciation and write-downs	-	(7,0)	(55,2)	(11,5)	(73,7)
Reclassfications	-	(0,6)	0,0	-	(0,5)
Net carrying amount at June 30, 2020	**785,9**	**646,5**	**975,3**	**105,7**	**2 513,4**
	-	-	-	-	-
At June 30, 2020	-	-	-	-	-
Gross value	849,6	849,2	2 246,4	155,9	4 101,1
Accumulated depreciation and write -downs	(63,7)	(202,7)	(1 271,1)	(50,2)	(1 587,7)
Net carrying amount	**785,9**	**646,5**	**975,3**	**105,7**	**2 513,4**

The main acquisitions of property, plant and equipment during the first half of the year were made in France, in Canada and in the USA.

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In absence of indications of loss in value, Group assets, particularly goodwill and brands, were not tested for impairment at June 30th, 2020.

5.3. Stock options plans

The 2017/2020, the 2018/2021 and the 2019/2022 bonus-share plans are under way at this writing.

The 2020/2023 plan is a new plan granted during the Board meeting held on March 11st, 2020.

In accordance with IFRS 2, the personnel expense arising from share awards are recognized incrementally over the vesting period, with the corresponding increase recognized in equity.

A summary of the bonus share plans during the period is presented in the following table:

(in thousands of euros)	Plan 2017/2020	Plan 2018/2021	Plan 2019/2022	Plan 2020/2023	TOTAL
Number of shares granted at the awars date	8 241	8 809	11 511	14 748	
Number of shares granted at June 30, 2019	674	4 072	8 816	14 591	
Fair value of share award (in €)	589	472	300	256	
Award criteria : percentage provisioned	16%	94%	120%	100%	
Acquisition period	3 ans	3 ans	3 ans	3 ans	
Holding period	0	0	0	0	
Amount expensed at June 30, 2020	(464,7)	(79,5)	468	371	295

5.4. Provisions

During the first half of the year, current and non- current provisions changed as developed in the table:

(in millions of euros)	Employees benefits	Provisions for contingencies and losses
At December 31, 2019		
Non-current	78,7	6,5
Current	6,3	5,1
Net carrying value	**85,1**	**11,5**
	-	-
Variation for the period	-	-
Increase (charges)	2,0	0,6
Reversals- offset against expenses	(3,2)	(1,1)
Reversals- cancelled provisions	(0,4)	(0,5)
Changes in the scope of consolidation	0,0	-
Actuarial gains and losses	(0,1)	
Effects from discounting	0,5	-
Reclassifications	-	-
Translation differences	(0,2)	(0,2)
Net carrying value at june 30, 2020	**83,7**	**10,4**
of which:		
Non-current	76,5	6,3
Current	7,2	4,1

Employee benefits concern primarily European countries, with France, the Netherlands and Germany together accounting for €76.3 million. The discount rate for this provision was similar to December 31st, 2019.

5.5. Net financial debt

Breakdown of net financial debt

(in millions of euros)	June 30, 2020	December 31, 2019
Bonds	623,2	623,0
NEU MTN (1)	50,00	50,0
Banks borrowings	20,92	112,0
Employee profit-sharing	4,37	5,8
Minority shareholders' put option	39,81	25,5
Deposits and guarantee deposits	0,22	0,2
Borrowing and financial liabilities	**738,51**	**816,4**
Total long-term liabilities	**738,51**	**816,4**
	-	**-**
Bonds	2,92	5,7
Banks borrowings	17,27	46,6
Employee profit-sharing	2,60	2,6
NEU CP (2)	50,00	30,0
Sundry loans and financial liabilities	32,57	7,6
Current account liabilities	73,09	79,5
Borrowing and financial liabilities	**178,45**	**172,0**
Total short-term liabilities	**178,45**	**172,0**
	(0,00)	**-**
	-	
Gross financial debt - excluding finance lease	**916,96**	**988,4**
	-	-
Debt for right-of-use long term	90,68	83,1
Debt for right-of-use short term	20,19	19,2
	-	-
Debt for right of use	**110,87**	**102,3**
Gross financial debt	**1 027,83**	**1 090,7**
	-	-
Current used bank facilities including overdrafts and accrued inte	5,47	2,3
Cash and cash equivalent	(322,23)	(405,7)
	-	-
Net cash and cash equivalents	**(316,76)**	**(403,4)**
	-	**-**
Current account assets	(1,51)	(3,1)
	-	-
	-	-
Total net debt	**709,6**	**684,2**
Total net debt - excluding finance lease	**598,7**	**581,9**

(1) Negotiable European Medium Term Notes
(2) Negotiable European Commercial Paper

Amounts related to assets held under finance lease in long term and short- term debt result from the application of IFRS 16 starting January 1st, 2018. The balance entry is to be found in assets right-of-use (see note 5.2).

The Unibel parent company accounted for €71 million in current account liabilities (see note 8.2).

Ageing of long-term debt excluding finance lease liabilities are detailed in Note 5.6.4 Interest rate risk management.

Ageing balance of finance lease liabilities at June 30, 2020:

(in millions of euros)	Total	2021	2022	2023	2024	2025 et plus
Financial debt - right of use - short term	20,2	20,2	-	-	-	-
Financial debt - right of use - long term	90,7	33,9	12,4	10,4	8,2	25,7
Total financial debt - right of use	**110,9**	**54,1**	**12,4**	**10,4**	**8,2**	**25,7**

5.6. Financial instruments

5.6.1 Market risk management

The Group Treasury Department, which is attached to the Group Corporate Finance Department, has the requisite skills and tools to manage market risk management. The Department reports to Management on a monthly basis and makes regular presentations to the Audit Committee.

5.6.2 Financial and liquidity risk management

At June 30, 2020, the Group had a negative net financial position of €709.5 million, including the liabilities for assets under finance lease due to the application of IFRS 16. Excluding these liabilities for leases, net debt was worth €598.6 million.
The Group implemented policies aimed at limiting liquidity risk. In line with those policies, a significant share of the Group's financial resources is medium-term. The Group has confirmed credit lines and medium-term financing from its banks and from investors.

At June 30, 2020, Bel issued a $150-million US Private Placement (USPP) bond under French law to institutional investors to strengthen its debt issued in dollars to support the growth of its operations in the United States. The 15-year bond, with a coupon of 3%, matures in November 2035. The issue date is scheduled for November 2020. During the period, the Goup reimbursed by anticipation its term loan of $95 million.

At June 30, 2020, the Group had significant liquidity level, including:

- two confirmed syndicated credit lines maturing in 2023 of €520 million and €300 million. These lines have not been drawn.
- a €500 million NEU commercial paper program, of which €50 million has been used;
- a €200 million NEU MTN program, of which €50 million has been used;
- a €125 million Euro PP bond, maturing in December 2027 and 2029 contracted with private investors;
- a €500 million bond issue maturing in April 2024;
- financing on the Schuldschein market, comprising €20 million maturing in 2023;

At June 30, 2020, the Group also has substantial cash and cash equivalents totaling €322 million, of which €265 million in Bel.

In its syndicated credit lines, Euro PP and the Schuldschein, Bel has committed to keeping its financial leverage ratio below 3.50 over the entire life of the medium and long- term financing mentioned above. The financial leverage ratio is determined by dividing consolidated net debt by the Group's consolidated EBITDA. Failure to meet the ratio could trigger the repayment of a significant part of the debt. Failure to meet the ratio could trigger the repayment of a significant part of the debt. On June 30, 2020, this ratio stood at 1.50 versus 1.67 at December 31, 2019.

The Group implemented a policy of pooling liquidity at the Bel level for all countries where the local currency is freely convertible and where there are no legal or fiscal limits on pooling local surpluses or liquidity needs. Internal current accounts and intragroup compensation payment systems are managed by the Group Treasury Department.

In countries where the pooling of surpluses and liquidity needs is not allowed, subsidiaries invest their surpluses in money-market funds denominated in their local currency and, if needed, finance themselves mainly in local currency. The policy of systematic dividend payment also aims to limit recurring surpluses at subsidiaries level.

Some subsidiaries may have no alternative but to use local currency financing. In this case, if the local currency is devalued, the subsidiaries recognize the related financial loss.

Surplus liquidity is invested in money-market mutual funds, term deposit accounts or short-term certificates of deposit.

5.6.3 Foreign exchange risk management

The Group is subject to foreign exchange rate fluctuations as a result of its international operations and presence.

Group entities are exposed to foreign exchange risk on commercial transactions recognized on the balance sheet as well as foreign exchange risk on highly probable future transactions when such business is transacted in currencies other than their functional currency, e.g. imports, exports and financial transactions.

Hedging policy for foreign exchange exposure

The policy consists in hedging risk on transactions denominated in foreign currency through the use of derivative financial instruments. The Treasury Department is not a profit center. The Group implements a central exchange rate policy that aims to hedge the annual budgetary risk on currency purchases and sales for all the French, European and North American entities. The Group Treasury Department provides these entities with the necessary currency hedges.

The Group does not hedge its exposure to translation differences arising from consolidating its foreign subsidiaries. Conversely, it hedges exchange rate exposure arising from the payment of intragroup dividends denominated in foreign currency.

For subsidiaries in countries where there are no financial hedging instruments, the policy is to maximize natural hedging as much as possible, for example through billing currencies. However, local currency devaluations can have a significant impact on the profitability of the concerned entity.

When the budget is prepared, budgeted currency prices are set according to market conditions and use as benchmarks in setting up hedges. The Hedge tenors for budget management does not exceed 18 months. On June 30, 2020, the maturity of the derivatives portfolio did not go beyond December 31, 2021. The cash flow resulting from 2020 and 2021 budgets hedges is expected in 2020 and 2021 and will thus impact income in 2020 and 2021.

Hedging for foreign exchange rate fluctuations on imports, exports and financial transactions

Group entities recalculate their net foreign exchange exposures periodically during each budgetary review. To manage its exposure, the Group mainly uses forward contracts, currency options and cross-currency swaps.

HEDGING POSITIONS FOR FOREIGN EXCHANGE, INTEREST RATE AND RAW MATERIALS RISKS

Value of hedges secured by the Group shown below are in compliance with IFRS 9:

Hedging positions for foreign exchange, interest rate and raw material risk versus the previous year:

(in millions of euros)	At June 30, 2020				At December 31, 2019			
Category of transactions	Equity	Operating income	Financial income	Market value	Equity	Operating income	Financial income	Market value
Portfolio related to foreign exchange risk								
Forward on operationnal transactions	1,8	0,1	0,0	1,9	0,1	(0,9)	0,0	(0,9)
Options on operationnal transactions	4,8	(0,1)	0,0	4,7	(0,0)	(0,1)	0,0	(0,1)
Forward on dividends and investments	0,1	0,0	0,0	0,1	(0,5)	0,0	0,0	(0,5)
Transactions on financing	0,0	0,0	(0,2)	(0,2)	0,0	0,0	(0,3)	(0,3)
Other operations	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total portfolio related to foreign exchange	**6,7**	**0,0**	**(0,2)**	**6,5**	**(0,5)**	**(1,0)**	**(0,3)**	**(1,8)**
Total portfolio related to interest rate	**(0,5)**	**0,0**	**1,4**	**0,9**	**(0,9)**	**0,0**	**(1,7)**	**(2,5)**
Total portfolio of BEL compagny	**6,1**	**0,0**	**1,2**	**7,4**	**(1,3)**	**(1,0)**	**(1,9)**	**(4,3)**
Portfolio related to risk of variation in US raw material prices	3,0	1,2	0,1	**4,3**	1,9	0,6	0,1	2,6
Total Bel Group	**0,0**	**0,0**	**0,0**	**11,6**	**0,0**	**0,0**	**0,0**	**(1,7)**

The valuation of hedges implemented by the Group are booked to the lines “Other financial assets” and “Other financial liabilities” in the balance sheet.

On June 30, 2020, the Group had secured the following hedges:

(in millions of euros)		At June 30, 2020					At December 31, 2019				
Category of transactions	**Currencies**	**Commitment**	**Equity**	**Operating income**	**Financial income**	**Market value**	**Commitment**	**Equity**	**Operating income**	**Financial income**	**Market value**
Portfolio related to foreign exchange risk											
1- Currency forward contracts backed by trade receivables, trade payables or futures transactions											
Forward purchase	EUR GBP	23,7	0,6	0,2	0,0	0,8	19,7	(0,2)	(0,1)	0,0	(0,3)
Forward sale	EUR PLN	27,4	0,0	(0,0)	0,0	0,0	27,5	0,6	0,0	0,0	0,6
Forward purchase	EUR USD	110,9	0,8	(0,0)	0,0	0,7	83,0	(0,3)	(0,7)	0,0	(1,0)
Forward purchase	Autres	37,1	0,4	(0,0)	0,0	0,4	48,8	(0,1)	(0,1)	0,0	(0,2)
Forward sale	Autres	2,5	0,0	0,0	0,0	0,0	2,0	0,0	0,0	0,0	0,0
Forward on operationnal transactions		0,0	1,8	0,1	0,0	1,9	0,0	0,1	(0,9)	0,0	(0,9)
2 - Currency options backed by trade receivables, trade payables or futures transactions											
Call purchase	EUR GBP	72,0	2,0	0,0	0,0	2,0	58,0	0,2	0,0	0,0	0,2
Put purchase	EUR GBP	1,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Put sale	EUR GBP	40,7	(0,2)	0,0	0,0	(0,2)	30,0	(0,6)	(0,1)	0,0	(0,7)
Put purchase	EUR PLN	38,0	0,4	0,0	0,0	0,4	37,0	0,7	0,0	0,0	0,7
Call sale	EUR PLN	13,6	(0,1)	0,0	0,0	(0,1)	14,4	(0,0)	0,0	0,0	(0,0)
Call purchase	EUR USD	168,1	2,9	0,0	0,0	2,9	153,9	0,6	0,0	0,0	0,6
Put sale	EUR USD	93,9	(0,7)	(0,1)	0,0	(0,8)	105,3	(0,8)	(0,0)	0,0	(0,8)
Call purchase	Autres	48,2	0,9	0,0	0,0	0,9	49,0	0,3	0,0	0,0	0,3
Put sale	Autres	22,3	(0,3)	(0,0)	0,0	(0,3)	21,4	(0,3)	0,0	0,0	(0,3)
Options on operationnal transactions		0,0	4,8	(0,1)	0,0	4,7	0,0	(0,0)	(0,1)	0,0	(0,1)
3-Currency forward to hedge future dividend or share transaction flows											
Forward purchase	EUR GBP	**0,0**	0,0	**0,0**	**0,0**	0,0	1,0	(0,1)	0,0	0,0	(0,1)
Forward purchase	EUR USD	17,8	0,1	0,0	0,0	0,1	15,1	(0,3)	0,0	0,0	(0,3)
Forward purchase	Autres	3,0	(0,0)	0,0	0,0	(0,0)	3,9	(0,2)	0,0	0,0	(0,2)
Forward sale	Autres	1,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Forward on dividends and investments		0,0	0,1	0,0	0,0	0,1	0,0	(0,5)	0,0	0,0	(0,5)
4- Currency options to hedge future dividend											
Put sale	EUR USD	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Call purchase	EUR USD	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Options on futures dividends		0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
5-Transactions to hedge financing flows											
Swap sale	EUR GBP	18,9	0,0	0,0	(0,0)	(0,0)	**12,9**	**0,0**	**0,0**	0,0	0,0
Swap sale	EUR PLN	3,8	0,0	0,0	(0,0)	(0,0)	4,2	0,0	0,0	0,0	0,0
Swap purchase	EUR USD	35,4	0,0	0,0	(0,2)	(0,2)	0,0	0,0	0,0	0,0	0,0
Swap sale	EUR USD	12,5	0,0	0,0	0,0	0,0	47,2	0,0	0,0	(0,3)	(0,3)
Swap sale	Autres	13,9	0,0	0,0	0,0	0,0	6,4	0,0	0,0	0,0	0,0
Swap purchase	Autres	11,8	0,0	0,0	0,0	0,0	15,3	0,0	0,0	0,0	0,0
Transactions on financing		0,0	0,0	0,0	(0,2)	(0,2)	0,0	0,0	0,0	(0,3)	(0,3)
6-Other transactions outside the hedging transactions category											
Call purchase	EUR GBP	1,1	0,0	0,0	0,0	0,0	8,1	0,0	0,0	0,0	0,0
Call sale	EUR GBP	0,0	0,0	0,0	0,0	0,0	7,0	0,0	0,0	(0,0)	(0,0)
Call sale	EUR USD	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Call sale	Autres	0,0	0,0	0,0	0,0	0,0	0,5	0,0	0,0	0,0	0,0
Other operations		0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total portfolio related to foreign exchange		**0,0**	**6,7**	**0,0**	**(0,2)**	**6,5**	**0,0**	**(0,5)**	**(1,0)**	**(0,3)**	**(1,8)**

The transactions are expressed according to the direction of the cross-currency.
Forward purchase EUR USD means that the Group is buying EUR and selling USD.
Call purchase EUR GBP means that the Group buys a EUR call/GBP put option.
Swap on futures sale EUR GBP means that the Group borrows EUR so is selling futures on EUR, lends GBP so is purchasing futures on GBP.

At June 30, 2020, the market value of derivatives hedging highly probable future transactions and recognized in equity was positive at €6.7 million compared with a negative €0.5 million at year-end 2020.

The Group's main currency exposure is the US dollar, the Pound Sterling and the Polish Zloty. The valuations shown exclude the impact of deferred taxes.

A 1% increase in the EUR/USD rate before hedging would negatively impact operating income by €2.0 million, on an annual basis.
A 1% increase in the EUR/GBP rate before hedging would negatively impact operating income by €0.9 million, on an annual basis.
A 1% decrease in the EUR/PLN rate before hedging would negatively impact operating income by €0.6 million, on an annual basis.

On June 30, 2020, 2020 budget net exposure relative to the main currencies was hedged at a ratio of nearly 100%. Currency fluctuations gains and losses arising from recognition of sales and purchasing transactions of Group entities can thus be offset up to the hedge amount by gains and losses from the hedges.

Hedge valuation complied with market practices in terms of data for yield curves, foreign exchange rates and volatility curves, as well as valuation models. The Treasury department has the requisite in-house means for calculating the valuations. However, the Bel Group uses an external provider to determine the valuations.

5.6.4 Interest rate risk management

Most of the Group's financing is arranged by Bel, which also handles interest rate risk management centrally. The policy governing interest rate derivatives is designed to protect against an unfavorable rise in interest rates while partially taking advantage of any interest rate declines.

On June 30, 2020 the Group had hedged interest rate risk through interest rate swaps:

(in millions of euros)		At June 30, 2020				At December 31, 2019			
Category of transactions	**Currency**	**Commitment**	**Equity**	**Financial income**	**Market value**	**Commitment**	**Equity**	**Financial income**	**Market value**
Potfolio related to interest rate									
Fixed-rate borrower swaps	EUR	47,5	(0,5)	0,0	(0,5)	47,5	(0,6)	0,0	(0,6)
Fixed-rate receiver swaps	EUR	72,5	0,0	1,0	1,0	72,5	0,0	(1,1)	(1,1)
Fixed-rate borrower swaps	USD	0,0	0,0	0,0	0,0	84,6	(0,3)	0,0	(0,3)
Fixed-rate borrower cross currency swaps	EUR/CAD	19,6	0,0	0,4	0,4	20,6	0,0	(0,5)	(0,5)
Total portfolio related to interest rate		**0,0**	**(0,5)**	**1,4**	**0,9**	**0,0**	**(0,9)**	**(1,7)**	**(2,5)**

A 1% increase accross the yield curve would:

- positively impact Group equity by €0.5 million, on an annual basis.
- positively impact Group financial result by €3.0 million, on an annual basis.

A 1% decrease across the yield curve would:

- positively impact Group equity by €1.1 million, on an annual basis.
- negatively impact Group financial result by €7.4 million, on an annual basis.

The following hedging balance corresponds to hedges of Group's floating rate loans.

<u>Change in the interest rate hedging portfolio on June 30, 2020</u>

(in millions of euros)		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Interest-rate swaps	EUR	120,0	115,0	107,5	97,5	62,5	62,5	62,5	62,5	31,3	31,3
Currency swaps	EUR/CAD	30,0	30,0	7,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0

<u>Breakdown of gross debt (excluding finance lease) by type, maturity and interest rate type</u>

At June 30, 2020 *(In millions of euros)*	**Net financial debt**			**Impact of derivative instruments**			**Financial debt after impact of derivative instruments des instruments dérivés**		
Maturity	**Fixed rate**	**Variable rate**	**Total**	**Fixed rate**	**Variable rate**	**Total**	**Fixed rate**	**Variable rate**	**Total**
2020	(44,2)	(134,2)	(178,4)	(5,0)	5,0	0,0	(49,2)	(129,2)	(178,4)
2021	(3,0)	(21,4)	(24,4)	7,2	(7,2)	0,0	4,2	(28,6)	(24,4)
2022	(0,8)	(10,9)	(11,7)	(5,1)	5,1	0,0	(5,9)	(5,8)	(11,7)
2023	(31,4)	(10,8)	(42,2)	(25,0)	25,0	0,0	(56,4)	14,2	(42,2)
2024	(528,1)	(1,4)	(529,5)	10,0	(10,0)	0,0	(518,1)	(11,4)	(529,5)
>=2025	(130,7)	(0,0)	(130,7)	62,5	(62,5)	0,0	(68,2)	(62,5)	(130,7)
	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
TOTAL	**(738,3)**	**(178,7)**	**(917,0)**	**44,6**	**(44,6)**	**0,0**	**(693,7)**	**(223,3)**	**(917,0)**

Commercial papers are issued at fixed rate but are treated as floating rate instruments in the table owing to its short maturities and expected renewals.

5.6.5 Counterparty risk management

All short-term cash investments and financial instruments are arranged with major counterparties in accordance with both safety and liquidity rules. “Major counterparties” are mainly French banks from the banking pool. Money-market mutual funds offering daily liquidity or certificates of deposit account for most of the short-term cash investments.

The DVA (Debt Value Adjustments) and CVA (Credit Value Adjustments) of the Group’s foreign exchange and interest rate hedges were immaterial at June 30, 2020.

5.6.6 Raw material risk management

The Group is exposed to price increases of raw materials, particularly for milk, cheese, milk powder and butter. So far, the Group has not been able to implement a global systematic policy to hedge raw materials prices. The US units have a raw materials hedging policy using forward markets in Chicago.

On June 30, 2020 Bel and Bel Brands have the following positions:

	At June 30, 2020		At December 31, 2019	
Category of transactions	**Number of contracts**	**Market value** *(in millions euros)*	**Number of contracts**	**Market value** *(in millions euros)*
EEX Cash Settled Butter				
Forward purchase				
Total EEX Cash Settled Butter				
TOTAL France		**0,0**		**0,0**
CME Class III Milk				
Forward purchase	922	1,5	751	1,0
Call purchase	504	1,7	794	0,9
Put sale	294	(0,1)	397	(0,0)
Total CME Class III Milk		**3,1**		**1,9**
CME Cash Settled Cheese				
Forward purchase	263	0,7	282	0,3
Call purchase	144	0,4	268	0,4
Put sale	66	0,1	140	(0,0)
Total CME Cash Settled Cheese		**1,2**		**0,7**
CME Cash Settled Butter				
Forward purchase				
Total CME Cash Settled Butter		0,0		0,0
TOTAL U.S.		**4,3**		**2,6**
Total Groupe BEL		**4,3**		**2,6**

At June 30, 2020, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity was a positive €4.3 million compared to a positive €2.6 million at December 31, 2019.

5.6.7 Fair value hierarchy disclosures based on IFRS 7

IFRS7 classification

(in thousands of euros)	At June 30, 2019				At December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Foreign exchange derivatives		6,5		6,5		(1,8)		(1,8)
Interest rate derivatives		0,9		0,9		(2,5)		(2,5)
Raw materials derivatives	4,3			4,3	2,6			2,6
Total	**4,3**	**7,4**	**0,0**	**11,6**	**2,6**	**(4,3)**	**0,0**	**(1,7)**
Mutual funds	90,9			90,9	90,9			90,9
Total	**95,2**	**7,4**	**0,0**	**102,5**	**93,5**	**(4,3)**	**0,0**	**89,2**

6. FINANCIAL COMMITMENTS

As a reminder, the Group received from the MOM group managers the promise to sell *(call)* their shares to Bel upon request of Bel on April 30, 2022 the latest.

In June 2020, the Group finalized a deal to buy the 20% remaining shares of the minority shareholders of All In Foods. This commitment is recorded in Long-term borrowings and financial liabilities.

As mentioned in Note 5.6.2, the Group realized its first private bond issue (USPP in French law) for $150 million which matures on November 2035. The issue date is scheduled November 30th, 2020.

No material variation in financial commitments is to be reported for this first half 2020.

7. DISPUTES AND LITIGATION

The Group was engaged in a certain number of lawsuits and disputes in the normal course of its business. Provisions were recognized for any probable and measurable costs that might arise from those lawsuits and disputes. Management knows of no dispute carrying significant risk that could adversely impact the Group's earnings or financial position that was not provisioned for at June 30, 2020.

The companies included in the Group are periodically subject to tax audits in the countries where they are based.

Tax arrears and penalties are booked for accepted tax adjustments and provisioned if the amounts in question were not definitively known. Contested tax adjustments were carefully reviewed and generally provisioned, unless it was clear that the company would be able to assert the validity of its position in the course of the dispute.

8. RELATED PARTIES

8.1. Management benefits

Management in this note refers to Board of Directors and Management Committee members. During the first half of 2020, no notable changes were made to the principles used to determine management remuneration and similar benefits.

8.2. Related party relationships

(in millions of euros)	First half 2020	First half 2019	December 31, 2019
Amount of transaction	6,7	6,9	18,0
of which Unibel	*2,7*	*2,5*	*6,5*
of which other non-consolidated companies	*4,0*	*4,4*	*11,6*
Associated receivables	0,1	0,0	1,9
Associated payables and current accounts	73,6	87,4	84,2
of which Unibel	*71,2*	*84,9*	*79,7*
of which other non-consolidated companies	*2,4*	*2,5*	*4,4*
Unibel shares	117,8	120,8	113,9

At June 30, 2020, transaction amounts with related parties included the Unibel holding company for € 2.7 million, of which € 2.5 million in personnel expense billed back to Bel and 4.0 million of operating expenses charged back to Bel by non-consolidated companies (Bel Proche et Moyen-Orient, Bel Beyrouth, Bel Middle East).

Related parties associated payables and current accounts mainly concerned the Unibel holding company, with a €71.0 million current account, versus €78.5 million at December 31, 2019 (see note 5.5).

The Unibel shares held by Sofico were measured at €117.8 million, based on the closing share price at June 30, 2020.

The Group has no significant off-balance sheet commitments with related parties.

9. SIGNIFICANT SUBSEQUENT EVENTS

No significant subsequent event is to be reported.

Statutory Auditor's Report on the Interim Consolidated Financial Statements

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BEL

French corporation *(Société Anonyme)*

2 allée de Longchamp
92150 Suresnes

Statutory Auditor's report on the 2020 interim consolidated financial statements

Period from January 1, 2020 to June 30, 2020

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by the General Meetings and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Bel, for the period from January 1 to June 30, 2020,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors on 29 July, on the basis of the information available on that date in an evolving context of the crisis related to Covid-19 and difficulties in understanding its impacts and prospects of the future. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the interim management report established on July 29th, 2020 on the condensed consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris- La Défense and Neuilly-sur-Seine, July 30, 2020

The Statutory Auditors

Deloitte & Associés

Grant Thornton

French member of Grant Thornton International

Jean-Pierre Agazzi

Virginie PALETHORPE

Statement of the company officer responsible for the interim financial report

The undersigned hereby declares that, to the best of his knowledge, the summary consolidated financial statements for the first half of 2020 have been prepared in accordance with applicable accounting standards and present a fair and reliable picture of the assets, financial position and earnings of the Bel company and all its entities included in the scope of consolidation. Further, the undersigned hereby declares that, to the best of his knowledge, the business report above presents a fair and reliable picture of significant events taking place in the first six months of the year, their impact on the financial statements and main related-party relationships, and describes the main risks and uncertainties for the remaining six months of the financial year.

Suresnes - July 30, 2020

Chairman and Chief Executive Officer

Antoine Fiévet

The present interim report is available at Bel's website http://www.groupe-bel.com
Copies may also be obtained free of charge at the company's head office.

French corporation *(société anonyme)* with a share capital of €10,308,502.50
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